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LEGISLATIVE COUNSEL
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97TH CONGRESS
1ST SESSION

H. R. 1526

IN THE SENATE OF THE UNITED STATES

MAY 19 (legislative day, APRIL 27), 1981
Read twice and referred to the Committee on Governmental Affairs

AN ACT

To amend the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports on the adequacy of the systems of internal accounting and administrative control of each executive agency, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Federal Managers' Accountability Act of 1981".

SEC. 2. Section 113 of the Accounting and Auditing Act of 1950 (31 U.S.C. 66a) is amended by adding at the end thereof the following new subsection:

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"(d)(1)(A) To ensure compliance with the requirements of subsection (a)(3) of this section, internal accounting and administrative controls of each executive agency shall be established in accordance with standards prescribed by the Comptroller General, and shall provide assurances that—

"(i) all obligations and costs are in compliance with applicable law;

"(ii) all funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and

"(iii) all revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

"(B) The standards prescribed by the Comptroller General under this paragraph shall include standards to ensure the prompt resolution of all audit findings.

"(2) By December 31, 1981, the Director of the Office of Management and Budget, in consultation with the Comptroller General, shall establish guidelines for the evaluation by agencies of their systems of internal accounting and administrative control to determine such systems' compliance with the requirements of paragraph (1) of this subsection. The Director, in consultation with the Comptroller General,

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may modify such guidelines from time to time as deemed necessary.

"(3) By December 31, 1982, and by December 31 of each succeeding year, the head of each executive agency shall, on the basis of an evaluation conducted in accordance with guidelines prescribed under paragraph (2) of this subsection, prepare a statement—

"(A) that the agency's systems of internal accounting and administrative control fully comply with the requirements of paragraph (1); or

"(B) that such systems do not fully comply with such requirements.

"(4) In the event that the head of an agency prepares a statement described in paragraph (3)(B), the head of such agency shall include with such statement a report in which any material weaknesses in the agency's systems of internal accounting and administrative control are identified and the plans and schedule for correcting any such weakness are described in detail.

"(5) The statements and reports required by this subsection shall be signed by the head of each executive agency and transmitted to the President and the Congress. Such statements and reports shall also be made available to the public, except that, in the case of any such statement or report containing information which is—

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"(A) specifically prohibited from disclosure by any provision of law; or

"(B) specifically required by Executive order to be kept secret in the interest of national defense or the conduct of foreign affairs,

such information shall be deleted prior to the report or statement being made available to the public.

"(6)(A) The Inspector General of an executive agency or, if no Inspector General exists for an executive agency, the head of the internal audit staff, shall receive and investigate any allegation that an employee of the agency provided false or misleading information in connection with the evaluation of the agency's systems of internal accounting and administrative control or in connection with the preparation of the annual statement or report on the systems of internal accounting and administrative control.

"(B) If, in connection with any investigation under subparagraph (A), the Inspector General or the head of the internal audit staff, as appropriate, determines that there is reasonable cause to believe that false or misleading information was provided, he shall report that determination to the head of the agency.

"(C) The head of the agency shall review any matter referred to him under subparagraph (B) and shall take action

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under chapter 75 of title 5, United States Code, or such other disciplinary or corrective action as he deems necessary.".

SEC. 3. Section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11), is amended by adding at the end thereof the following new subsection:

"(k) The President shall include in the supporting detail accompanying each Budget submitted on or after January 1, 1982, a statement with respect to each department and establishment of—

"(1) the original amount of appropriations requested by the Office of the Inspector General of such department or establishment, if any;

"(2) the changes made in such request by the head of such department or establishment prior to the submission of such request to the Director of the Office of Management and Budget;

"(3) any further changes made in such request prior to the submission of such Budget to the Congress.".

SEC. 4. Section 215 of the Budget and Accounting Act, 1921 (31 U.S.C. 23), is amended by adding at the end thereof the following new sentences: "The head of each department and establishment shall include with any such requests for appropriations a report on the status and progress made in having its accounting system approved by the Comptroller

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General pursuant to section 112 of the Accounting and Auditing Act of 1950. Such reports shall be included in the supporting detail accompanying each Budget submitted by the President on or after January 1, 1982, under section 201 of the Budget and Accounting Act, 1921.".

Passed the House of Representatives May 18, 1981.

Attest: EDMUND L. HENSHAW, JR.,

Clerk.

By THOMAS E. LADD,

Assistant to the Clerk.

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